



Leading our community to better health



Annual Report 2019

Rochester and Elmore District Health Service

REDHS 2020 STRATEGIC PLAN 2016 - 2020



VISION

Leading our community to better health

VALUES

Respect
Equity
Diligence
Honesty
Service

Strategic Priorities

Quality Healthcare

Enhance person centred approach to care
Focus on wellbeing including quality ageing
Strengthen community and consumer engagement



Collaborative Endeavours

Develop and provide services to meet community need
Nurture strategic partnerships and develop cluster arrangements
Transform models and systems for efficiency and quality



People and Infrastructure

Engage in innovation driven opportunities
Develop our people
Strengthen our governance and quality systems
Progress contemporary physical and technical infrastructure



Front cover: Former board director, Keith Oberin and REDHS Maintenance Supervisor, Brett Shotton, were instrumental in getting the pipeline connected to provide REDHS with year-round water for the health service grounds and resident gardens. Photo courtesy of Campaspe News.

Back cover: Pictured from top: Cheque presentation on behalf of Hospital Auxiliary members. From left: Chris White (Board Director), Kath Bubb (Auxiliary Treasurer), Maureen Leahy (Auxiliary President), Mark Nally (Director of Clinical Services), Susannah Hargreaves (Allied Health Team Leader) and Ann-Maree Hewlett (Activities Team Coordinator).

Turning on the Tap: Board Director, Carl Wood, addressing onlookers at the Turning on the Tap celebration.

Residents, community members and staff gathered to celebrate Turning on the Tap.

Ivy Douglas and Ray Bowman had the honour of representing residents and turning on the taps.

From left, Anne McEvoy (REDHS Chief Executive Officer), Sharon Williams (one of the many landowners who were supportive and willing to sign the required access agreements), community member Don Thompson and John Moon who kindly donated water to the project this year at the Turning on the Tap celebration.

WHO WE ARE

Rochester and Elmore District Health Service (REDHS) was established on 1 November 1993 following the amalgamation of the Rochester and District War Memorial Hospital and the Elmore District Hospital.

REDHS is an incorporated body under Section 31 of the Health Services Act 1988 providing a broad range of services including acute, residential aged and primary care services (including home nursing) to our catchment population of over 6,700 and has:

- 127 full time equivalent staff
- 30 high care residential aged care beds
- 30 low care residential aged care beds (including one respite and 10 dementia-specific beds)
- 2 Transition Care Program beds (residential)
- 1 Transition Care Program bed (community)
- 10 inpatient beds including 1 palliative care bed
- Urgent Care Centre
- Day Procedure Unit
- Primary Care Services

The responsible minister is the Victorian Minister for Health who were:

The Honourable Jill Hennessy,
Minister for Health and Minister for Ambulance Services 01/07/2018 – 29/11/2018

Jenny Mikakos,
Minister for Health and Minister for Ambulance Services 29/11/2018 – 30/06/2019

OUR LOCATION



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YEAR IN BRIEF 2018-19

Acute Ward

Total Acute Ward Separations	288
Total Acute Bed Days	1,425
Average Length of Stay (Days)	7.4

Day Procedure Unit (DPU)

Total DPU Separations	180
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Aged Care

Nursing Home Bed Days	10,140
Nursing Home Admissions	17
Hostel Bed Days	10,269
Hostel Admissions	6

Non-admitted Occasions of Service

District Nursing	4,635
Urgent Care Centre	688
Radiology	977
Planned Activity Group	2,081
Diabetes Education	168
Dietetics	465
Exercise Physiology	20
Group Fitness	1,467
Occupational Therapy	552
Physiotherapy	1,415
Podiatry	2,794
Social Work/Counselling	610
Drug and Alcohol Withdrawal Service	263

Services available at REDHS

- Acute Ward
- Cardiac Rehabilitation
- Chiropractic
- Day Surgery
- Diabetes Education
- Dietetics
- District Nursing
- Drug and Alcohol Counselling
- Group Fitness
- Health Promotion
- Hearing Services
- National Respite for Carers Program
- Occupational Therapy
- Palliative Care
- Pathology Collection
- Physiotherapy
- Planned Activity Group
- Podiatry
- Psychology
- Radiology (X-rays and Ultrasounds)
- Residential Aged Care
- Rural Withdrawal Service
- Social Work
- Transition Care Program
- Urgent Care Centre
- Volunteer Program

BOARD CHAIR AND CEO REPORT

On behalf of the Board of Directors, we are pleased to present the 26th Annual Report of Rochester and Elmore District Health Service for the year ended 30 June 2019. The report highlights the significant achievements and events that occurred during the year and is prepared in accordance with the *Financial Management Act 1994*. The report reflects the dedication and care provided by our staff, visiting medical officers (VMOs) and volunteers in delivering services for our community.

Governance

The Board farewelled Director Kate Lee, who retired after seven years of valuable service. Kate was a strong advocate for delivering quality services to the local community and was instrumental in numerous successful fundraisers, in particular the REDHS-led Rochester débutante ball. We welcomed a new Director in Chris White who joined in July 2018.

The Board executive remained consistent with Associate Professor, Carol McKinstry continuing as Chair, David Rosaia, Deputy Chair and Jodie Smith, Treasurer. There was a continued focus on governance enhancements during the year. This included streamlining the role of Board subcommittees through the trial merge of the Audit and Finance and Risk Management and Planning Committees into one Corporate Governance Committee. On direction of the Victorian government, Board Directors commenced being remunerated which required the development of processes overseen by the Governance and Remuneration Committee to implement payment of Directors effectively.

The Board endorsed a community engagement strategy to guide the increased importance of consumers having a voice and this strategy will support the direction for the next four years. Further evidence of REDHS commitment to consumer engagement is the formation of a Community Advisory Committee which directly reports to the Board. This committee will be further refined in the coming year. We understand the need to listen and learn from our consumers along with providing education to staff in effective ways to work with consumers to improve the planning and delivery of services.

A key challenge has been the financial position of REDHS throughout the year. Contributing to the negative financial position was reduced residential aged care occupancy, declining revenue gained from private acute inpatients and year on year cost pressures. The increased demands on the organisation regarding services delivered into the future will be a key decision of the Board in the next year.

Strategic Plan and Statement of Priorities

The Board regularly reviewed the objectives and progress of REDHS Strategic Plan, which is operationalised via the annual business plan. In August 2018, the Board formally conducted a mid-term review of the current strategic plan, REDHS 2020, to reaffirm the priorities for the remaining two years. REDHS was fortunate to receive assistance from the Commonwealth Government's Regional Jobs and Investment Package to conduct a study titled "*an enhanced model of aged care*".

This project provided the impetus and desire for further long term planning for REDHS, with a new Service Plan also developed, this being a significant body of work, with the final report received by the Board in June 2019. We thank the community, staff and our partner stakeholders for their engagement in this process. Extensive community consultation occurred during these planning processes, with further details of these plans to be explored by the Board in August 2019.

The Board was also required to participate in the Department of Health and Human Services (DHHS) annual Statement of Priorities process.

The Board's increased focus on clinical governance enabled REDHS to confidently complete the safety and quality attestation that is a requirement of the National Safety and Quality Health Service Standards. The Board was able to attest that it had:

- provided leadership to build a culture of safety and quality improvement
- partnered with consumers, set priorities and strategic directions for safe and high quality clinical care and communicated them to the workforce and community
- endorsed the Clinical Governance Framework
- defined responsibilities for safety and quality
- monitored incidents and improvement actions taken as a result
- ensured that the specific health needs of Aboriginal and Torres Strait Islanders are being addressed

The following summarises some of the further key achievements by REDHS during the year:

Quality Healthcare

- Implemented a dedicated falls coordinator role
- Significant preparation for the implementation of the new Single Aged Care Quality Framework (residential, allied health outpatients and home based services) and for the Voluntary Assisted Dying model
- Delivered the requirements of the five priorities of the Healthier Campaspe initiative. (Obesity, Mental Health, Cancer, Drug and Alcohol, Diabetes)
- Increased the use of telehealth by 50% in the areas of Aged Care and Primary Care diabetes clinic
- Provided gender equity training for staff to enhance the ability to meet the needs of LGBTI consumers and also conducted an Aboriginal Health cultural awareness focused education day
- Successfully implemented an Allied Health Assistant Foot Care service for residential aged care
- Created a merged Activities Team to service both residential aged care and social support groups

BOARD CHAIR AND CEO REPORT

- A submission to the Commonwealth's Aged Care Allocation Round (ACAR) was approved to support a further two residential aged care beds
- Continued focus on Strengthening Hospitals Response To Family Violence cluster initiative, with 68% of permanent clinical staff educated
- Volunteers introduced in REDHS Café and Day Procedure Unit
- REDHS Home Care Package administration service, although slower than anticipated to gain clients, supported four clients by year end
- A draft Disability Action Plan was developed

Collaborative Endeavours

- Commenced an arrangement with the City of Greater Bendigo to deliver home care services to the Elmore and Goornong districts
- Key participant and signatory to a Memorandum of Understanding for the DHHS initiated Murray sub-region health partnership
- Continued engagement with, and membership of, the Loddon Mallee Regional Clinical Council and associated sub-committees
- Completed a review of the operations of the Theatre
- Implemented the action plan of the Rochester and Elmore Local Drug Action Team (RELDAT) which continues to be supported by a vibrant committee
- Provided assistance to Lockington and District Bush Nursing Centre to support its clinical quality and safety governance processes

People and Infrastructure

- Significant improvement in staff satisfaction survey results, especially the indicator for bullying and harassment
- Reviews of key corporate service areas of Human Resources, Supply and Catering/Cleaning provided information to support the future models of these essential functions
- Implemented an electronic payroll system including time and attendance functionality
- Workforce redesign of Administration Support team to support a centralised model
- Participated in the sub regional trial of the Registered Undergraduate Student of Nursing (RUSON) in aged care
- Three staff successfully completed traineeships, two in Personal Care and one in administration
- Endorsement of REDHS Environmental Sustainability Plan which included the planning and tender phases required for the regional solar project
- Four significant funding submissions were successful, the implementation of which will occur in 2019-20:
 - o \$300K to enhance the Nursing Home dining room
 - o \$200K to purchase new equipment to reduce falls risk
 - o \$300K to support the division of the Nursing Home shared rooms into single rooms
 - o \$221K for upgrades to the Hostel heating, handrails and dementia-friendly garden

Accreditation

REDHS maintained its full accreditation status with all requirements met for residential aged care standards in July 2018, the NATA radiology standards in January 2019 and the National Safety and Quality Health Service Standards (Version 2) in April 2019.

We acknowledge the mighty team efforts made to meet the various accreditation requirements which reflect our organisation's commitment to quality and safety. With the Commonwealth Department of Health's move to a single aged care quality framework from July 2019, it is imperative that we continue to measure our results and improve services whilst encouraging and supporting increased consumer involvement. REDHS Quality Unit will continue to assist department managers in the development of their quality plans and support them to maintain their accreditation status.

Community Support

REDHS is truly grateful for the support of our community, local organisations and individuals through generous donations of time and money to support our vision. Numerous donations and bequests have been received and we would like to particularly acknowledge the significant efforts of Rochester and District Hospital Auxiliary. Members continue to work tirelessly in raising money for the purchase of medical equipment, this year raising over \$21,000. This donation was put towards the purchase of equipment for the acute ward, primary care and Social Support Group.

Our Thanks

Further to the above, on behalf of the Board of Directors, we pass on our thanks to the many groups and individuals who provide significant support to our health service, in particular, our staff, volunteers, medical practitioners, contractors and all levels of government. We continue to appreciate the support and assistance of the Victorian Department of Health and Human Services and the Commonwealth Department of Health. Above all, we thank our residents, patients and clients as your feedback on our services assists in our pursuit of excellence in quality healthcare.

We acknowledge your assistance in "Leading our community to better health".



Ass Prof Carol McKinstry
Board Chair



Anne McEvoy
Chief Executive Officer



Dr Carol McKinstry
Board Chair

Anne McEvoy
Chief Executive Officer

CORPORATE GOVERNANCE

REDHS Board of Directors

Rochester and Elmore District Health Service (REDHS) is an incorporated body listed under Schedule 1 of the *Health Services Act 1988*. Board directors are recommended by the Minister and appointed by the Governor-In-Council for a term of up to three years and act in a voluntary capacity.

The strategic direction of REDHS is determined by the Board of Directors, which meets regularly with the Chief Executive Officer and executive staff to determine governance, compliance and policy. The Board is supported in its decision-making by a number of sub-committees.

Subject to the requirements of government and the Health Service By-Laws, the Board of Directors exercises decisions including the control of funds, determining the range of services to be provided, and the appointment of visiting medical officers and other senior staff.

Board Directors



Carol McKinstry
Chair

B App Sc (OT), MHLth Sc, PhD,
Grad Cert Higher Ed. GAICD
Senior Lecturer OT,
College of Science Health and Engineering,
La Trobe Rural Health School
Registered occupational therapist
Date appointed: 1.7.2014



Carl Wood

MBA, Grad Dip (Accounting),
Grad Dip (Applied Corporate Governance),
Grad Dip (Risk Management),
Grad Cert (Planning), RFD, BJ
Retired
Date appointed: 1.7.2017



Benjamin Devanny

B Bus. (Accounting/Economics), CPA,
Manager – Business Services,
City of Greater Bendigo
Date appointed: 1.7.2017



David Rosaia
Deputy Chair

RN, Grad Dip (Health Sciences)
Director of Nursing, Inpatients and
Emergency Services, Acute Health,
Bendigo Health
Date appointed 26.04.2017



Kate Lemon

MBA, Grad Dip (Business Management),
Cert IV Frontline Management,
Cert IV Business Development,
Cert IV Assessment and Care Planning,
Home and Community Care
Public Environments Manager,
Campaspe Shire Council
Date appointed: 1.7.2017



Frank Oliver

Chair: Risk Management Committee
GAICD
Retired
Date appointed: 1.7.2017



Jodie Smith
Treasurer

Chair: Audit and Finance Committee
B Bus. (Economics), Grad Dip Applied
Science (Agriculture), Grad Cert (Acc), CPA,
Masters of Animal Science
Accountant, Jodie Smith Accounting
Date appointed: 1.7.2016



Christopher White

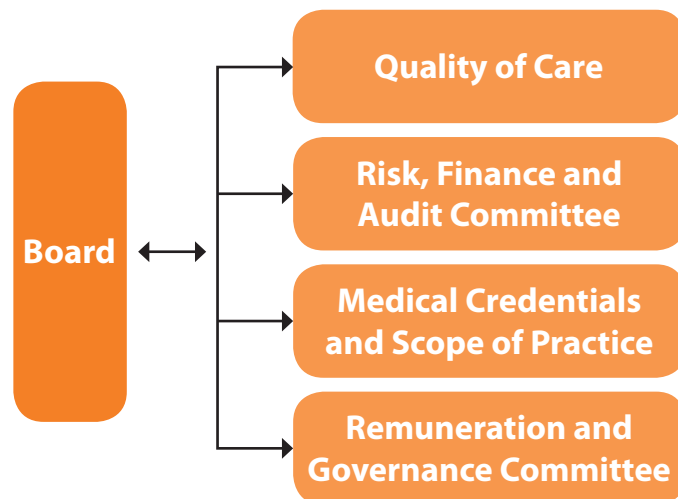
B Bus. (Economics), B Computing,
Grad Dip Bus (Management),
Grad Cert HSM, FACHSM, CHIA
Business Director, Bendigo Health
Date appointed: 1.7.2018



Timothy Fulton

B Bus. (Accounting/Economics),
Diploma of Financial Planning
Agribusiness Manager, Saputo
Date appointed: 1.7.2009

Board Committee Structure



CORPORATE GOVERNANCE

Meeting Attendance

Board Member	2018 BOARD MEETINGS												AGM (29/11/2018)	Total
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Benjamin Devanny	✓	✓	✓	✓	✓	NM	✓	✓	✓	✓	✓	✓	✓	12
Timothy Fulton	✓	✓	A	✓	A	NM	✓	✓	✓	✓	✓	✓	✓	10
Kate Lemon	✓	✓	✓	✓	✓	NM	✓	✓	✓	✓	✓	✓	✓	12
Carol McKinstry	✓	✓	✓	A	✓	NM	✓	✓	✓	✓	✓	✓	✓	11
Frank Oliver	✓	✓	✓	✓	✓	NM	✓	✓	✓	✓	✓	✓	✓	12
David Rosaia	✓	✓	✓	✓	✓	NM	A	✓	✓	✓	✓	✓	A	10
Jodie Smith	✓	✓	✓	✓	✓	NM	✓	✓	✓	✓	✓	✓	✓	12
Christopher White	✓	✓	✓	✓	✓	NM	✓	✓	✓	✓	✓	✓	✓	12
Carl Wood	✓	✓	✓	✓	✓	NM	✓	✓	✓	✓	A	A	✓	10

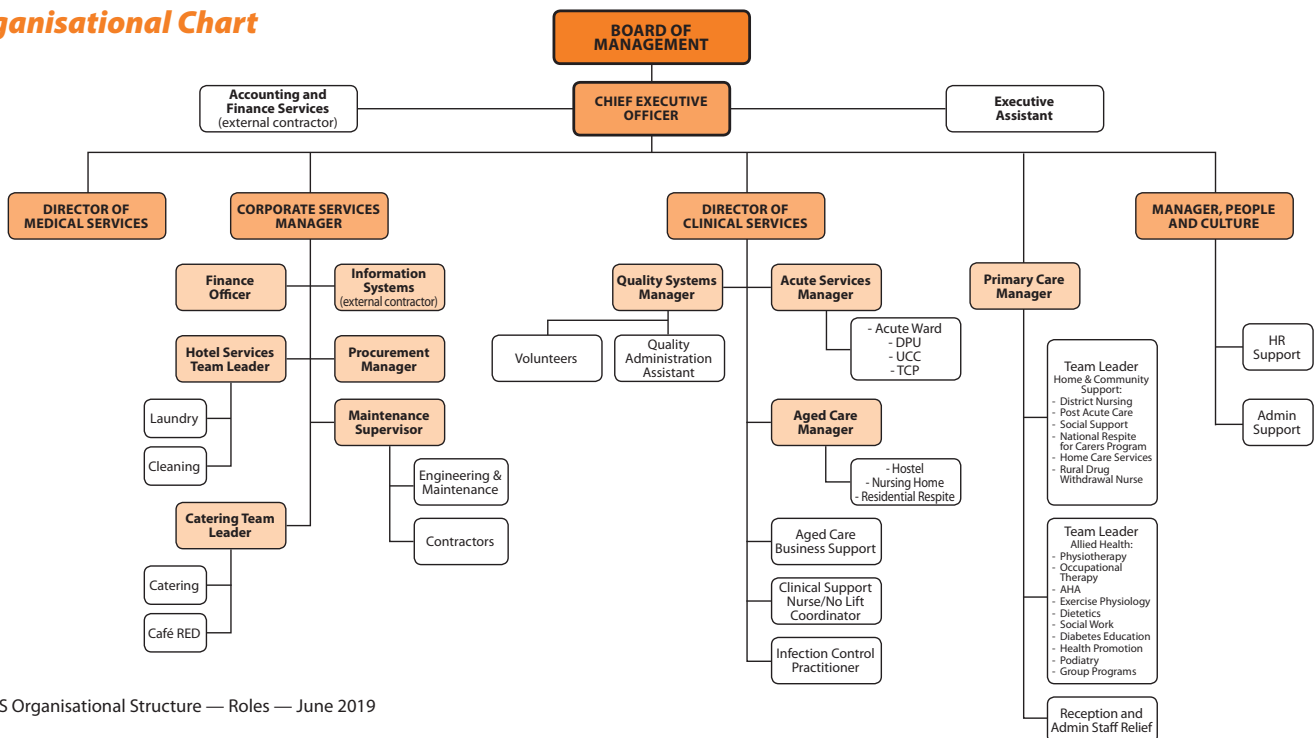
A = Apology NM = no meeting held

Committee Membership

Board Members	Risk Management and Planning Committee (to January 2019)	Audit and Finance Committee (to February 2019)	Risk, Audit and Finance Committee (from April 2019)*	Medical Credentials and Scope of Practice Committee	Quality of Care Committee	Governance and Remuneration
Benjamin Devanny		✓	✓			
Timothy Fulton		✓	✓			
Kate Lemon					✓	
Carol McKinstry	✓	✓		✓	✓	✓
Frank Oliver	✓		✓			
David Rosaia				✓	✓	✓
Jodie Smith	✓	✓	✓			✓
Christopher White				✓		
Carl Wood				✓		✓
Independent Members						
Jim Brooks	✓		✓			
Alan Darbyshire		✓	✓			
Phillip Johnson		✓	✓			
Jackie Roberts	✓		✓			
Gaylene Whitten					✓	
Christine Wright					✓	

* The Risk Management and Planning Committee merged with the Audit and Finance Committee to form the Risk, Audit and Finance Committee during the year

Organisational Chart



KEY PERSONNEL

Executive

Chief Executive Officer

Anne McEvoy

RN, B.Hlth Sc (Nursing) Grad Dip Man, Grad Cert Gerontology, Grad Cert Diabetes Education, GAICD

Director of Clinical Services

Mark Nally

RN, B.Hlth Sc (Nursing), CCRN, M.Hlth Sc

Corporate Services Manager (from 28 January 2018)

Colin Wellard

MBA, Grad Dip Soc Sc, Grad Cert Soc Sc

Human Resources Manager (to 13 July 2018)

Gaye Pilven

MHRM, BBA, Cert IV WHS

Manager, People and Culture (from 23 April 2019)

David Worrall

B.Mus, Grad Dip Ed, FTCL, Adv Dip PM, Dip Bus, Dip Mgmt, MAHRI

Director of Medical Services (to 12 April 2019)

Dr Glenn Howlett

MB BS LLB, Grad Dip Hlth Serv Mt, FRACGP

Director of Medical Services (from 15 April 2019)

Dr Ka Chun Tse

MB BS, Master Health Management, Master Public Health, FACHSM, GAICD

Department Managers

Acute Services Manager

Meredith Hodder

RN, B.Nursing, Post Grad Dip Perioperative Nursing

Aged Care Manager

Mark Cresp

RN

Primary Care Manager

Meaghan Sully

BSocWk, Dip Mgt

Quality Systems Manager

Lynn Wolfe

Adv Dip Bus Man, Adv. Dip Bus Man (HR Bridging), Dip App Sci (Hort)

Infection Control Practitioner

Natasha Collins

RN, Registered Nurse Immuniser, RIPERN, Foundations of Infection Prevention and Control ACIPC, HIV and Hepatitis C Pre and Post Test Discussion, Cert IV Training and Assessment

Clinical Support Nurse

Cheryl Petrini

RN, Cert. IV Training and Assessment

Maintenance Supervisor

Brett Shotton

Procurement Manager

Gayle McConnell

Team Leaders

Allied Health

Ms Susannah Hargreaves

BHlthSc, MPodPrac

Allied Health - Community and Home Support (until 12 May 2019)

Ms Megan Purvis

RN

Social Support Group Coordinator

Ms Ann-Maree Hewlett

Catering Team Leader

Ms Rebecca O'Sullivan

Cert III Comm Cookery, Cert IV Frontline Man

Support Services Team Leader

Ms K McEllister

Visiting Medical Officers

General practitioners

Dr A Asaid, MB BS (Egypt), AMC, FRACGP, FACRRM

Dr J Duggan, MB BS (Uni of WA), MPHC (Flinders)

Dr E Ekeanyanwu, MB BS (Nigeria), FRACGP

Dr N Fang, MBBS, DRANZCOG, FRACGP

Dr P Nzegwu, MB BS (Nigeria), AMC, FRACGP

Dr P Radrekusa, MB BS (Uni of Adelaide), AMC, FRACGP

General surgeons

Dr J Azzopardi, MBBS DA (UK) DRACOG FRACGP

Mr M Oliver, MBChB, FRCSEd, FRACS

Urologist

Dr R Hall, B.Med, B.Sc, FRACS

GP anaesthetists

Dr C Hunt, MBBS DRCOG DA ACRRM

Dr S Kennedy, MBBS, FRACGP, ARTP (Anaes)

Dr C Taverna, MB BS

Specialist anaesthetists

Dr K Davenport, MBChB, FANZCA

Dr L Hamond, MBBS, FANZCA, Dip RACOG

Dr S Hams, MBBS, FANZCA

Dr P Koudos, MBBS FANZCA

Dr M Nerlekar, MBBS DA MD FANZCA

Dr A Purcell, MBBS DA (UK) Dip Obs RACOG FANZCA

Dr M Shapiro, MBBCh, H DA FANZCA

Visiting Dentist

Dr Rose Macdonald, Goulburn Valley Health

Dr Angela Zhang, Goulburn Valley Health

Visiting Radiology Service

Goulburn Valley Imaging

PERFORMANCE AGAINST STATEMENT OF PRIORITIES *(Part A)*

Statement of Priorities

Goals	Strategies	Health Service Deliverables	Outcomes
BETTER HEALTH			
<p>A system geared to prevention as much as treatment.</p> <p>Everyone understands their own health and risks.</p> <p>Illness is detected and managed early.</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles.</p>	<p>Reduce statewide risks.</p> <p>Build healthy neighbourhoods.</p> <p>Help people to stay healthy.</p> <p>Target health gaps.</p>	<p>Provide all staff with family violence training appropriate to the Strengthening Health Services Response to Family Violence sub-region action plan by 30 June 2019.</p>	<p>Ongoing.</p> <p>68% of permanent clinical staff have attended.</p>
BETTER ACCESS			
<p>Care is always there when people need it.</p> <p>More access to care in the home and community.</p> <p>People are connected to the full range of care and support they need.</p> <p>There is equal access to care.</p>	<p>Plan and invest.</p> <p>Unlock innovation.</p> <p>Provide easier access.</p> <p>Ensure fair access.</p>	<p>Deliver the requirements of the five priorities of the Healthier Campaspe initiative (Obesity, Mental Health, Cancer, Drug and Alcohol and Diabetes).</p>	<p>Achieved.</p>
BETTER CARE			
<p>Target zero avoidable harm.</p> <p>Healthcare that focusses on outcomes.</p> <p>Patients and carers are active partners in care.</p> <p>Care fits together around people's needs.</p>	<p>Put quality first.</p> <p>Join up care.</p> <p>Partner with patients.</p> <p>Strengthen the workforce.</p> <p>Embed evidence.</p> <p>Ensure equal care.</p>	<p>Participate in the regional Urgent Care Centre telehealth project lead by Bendigo Health to strengthen workforce capacity.</p>	<p>Achieved.</p> <p>Significant contributor to regional Telehealth model.</p>

Statement of Priorities

Goals / Strategies	Health Service Deliverables	Outcomes
SPECIFIC 2018-19 PRIORITIES (mandatory)		
Disability Action Plans Draft disability action plans are completed in 2018-19.	Submit a draft Disability Action Plan to the Department by 30 June 2019. The draft plan will outline the approach to full implementation within three years of publication.	Ongoing. Draft Disability Action Plan developed.
Volunteer engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Evaluate the effectiveness of the health service volunteer model to ensure appropriate reward and recognition of volunteers is occurring.	Achieved. Volunteer Christmas Dinner and Volunteer Wellbeing Day held. Positive feedback received from volunteers.
Bullying and harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Analyse People Matter Survey (PMS) results 2013-2018 to determine trends and identify key actions to enhance staffs above the line behaviours.	Achieved.
Occupational violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.	Provide Code Grey education to key staff with monitoring of effectiveness to be undertaken by the Occupational Health, Safety and Wellbeing Committee.	Ongoing. Code Grey training for staff developed and scheduled for July 2019.
LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions	Provide gender equity training for staff to enhance the ability to meet the needs of LGBTI consumers Include the Campaspe Primary Care Partnership LGBTI developed resource to the health service intranet	Achieved.

Statement of Priorities

Goals / Strategies	Health Service Deliverables	Outcomes
SPECIFIC 2018-19 PRIORITIES (mandatory)		
Environmental Sustainability Actively contribute to the development of the Victorian Government's: <ul style="list-style-type: none"> • policy to be net zero carbon by 2050 and improve environmental • sustainability by identifying and implementing projects, including • workforce education, to reduce material environmental impacts with • particular consideration of procurement and waste management, and • publicly reporting environmental performance data, including • measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling 	Complete the planning and implementation phases of the regional solar project.	Ongoing. Planning and tender phases complete.

PERFORMANCE AGAINST STATEMENT OF PRIORITIES *(Part B)*

Statement of Priorities

Key Performance Indicator	Target	Result
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia program	80%	100%
Percentage of healthcare workers immunised for influenza	80%	83%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Full compliance*
Victorian Healthcare Experience Survey - percentage of positive patient experience responses – Quarter 1	95%	Full compliance*
Victorian Healthcare Experience Survey - percentage of positive patient experience responses – Quarter 2	95%	Full compliance*
Victorian Healthcare Experience Survey - percentage of positive patient experience responses – Quarter 3	95%	Full compliance*
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care – Quarter 1	75%	Full compliance*
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care – Quarter 2	75%	Full compliance*
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care – Quarter 3	75%	Full compliance*
Victorian Healthcare Experience Survey - patients perception of cleanliness – Quarter 1	70%	Full compliance*
Victorian Healthcare Experience Survey - patients perception of cleanliness – Quarter 2	70%	Full compliance*
Victorian Healthcare Experience Survey - patients perception of cleanliness – Quarter 3	70%	Full compliance*
Adverse Events		
Sentinel events - root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Nil sentinel events

*Less than 42 responses were received for the period due to relative size of the Health Service.

Statement of Priorities

Key Performance Indicator	Target	Result
Strong governance, leadership and culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	87%
People matter survey - percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	93%
People matter survey - percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	93%
People matter survey - percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	89%
People matter survey - percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	89%
People matter survey - percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	89%
People matter survey - percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	82%
People matter survey - percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	74%
People matter survey - percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	86%

Note: Performance against the Statement of Priorities Part B (Financial Sustainability Performance), Part C (Activity and Funding) and Part D can be found in the Financial Report on page 24.

WORKFORCE DATA

Equal Opportunity, Merit and Equity

Recruitment, selection and employment at REDHS comply with employment conditions as specified in relevant health awards and enterprise bargaining agreements. The employment of staff satisfies equal employment opportunity requirements,

legislative and moral obligations and terms and conditions of the Fair Work Act 2009, Public Administration Act 2004 (Vic) and Victorian Charter of Human Rights and Responsibilities 2006. All employees have been correctly classified in workforce data collections.

Staff by Occupational Group

Hospitals Labour Category	JUNE Current Month FTE*		Average Monthly FTE**	
	2018	2019	2018	2019
Nursing	52.06	51.13	52.32	52.64
Administration and Clerical	14.72	17.75	14.72	16.01
*Medical Support	0.05	0	0.05	0
Hotel and Allied Services	37.57	39.92	37.82	39.84
*Sessional Clinicians	0	0.11	0	0.03
Ancillary Staff (Allied Health)	13.79	17.94	13.79	17.47
Totals	118.19	126.85	118.7	125.99

Note: *These staff groups have been reclassified for 2018-19. FTE = Full Time Equivalent.

Recognition of Staff Service

This year, REDHS recognises the long-standing service of the following staff:

10 years

Mandy Dockery
Lisa Kauiers
Dianne Paynter

15 years

Wendy Dey
Jenny Holt
Elise Kornmann
Lynn Wolfe

20 years

Nicole Hickey

25 years

Ruth O'Connor
Janice Prigg

30 years

Mary McCormick

OCCUPATIONAL HEALTH & SAFETY

In 2018-19, there were 63.4 reported occupational health and safety incidents/ hazards reported per 100 full time equivalent staff members. By comparison, there were 56 incidents per 100 FTE reported in 2017-18.

In 2018-19, there were 5.2 'lost time' claims per 100 FTE, a decrease from seven claims per 100 FTE in 2017-18. Due to two long-term claims exacerbating cost, the average cost per claim for 2018-19 increased to \$17,117, up from \$3,118 the previous year.

There were no fatalities at REDHS in 2018-19.

Occupational violence statistics

2018-19

1. WorkCover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
3. Number of occupational violence incidents reported	31
4. Number of occupational violence incidents reported per 100 FTE	27.2
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

PRIMARY CARE SERVICES

REDHS Primary Care department continued to provide high quality allied health services onsite, out in the community and through outreach services in Lockington and Rushworth. Podiatry services were also delivered in Echuca. Activity in the delivery of home care services has increased.

Podiatry continued to be in heavy demand. One of REDHS' allied health assistants (AHA) successfully completed Podiatry Skill training. This enabled the independent treatment of low risk podiatry residents in aged care after an assessment and delegation is completed by a podiatrist. By implementing the AHA model, the podiatrist was able to deliver more services to community based clients.

REDHS Activities Coordinators from residential aged care and Social Support Group merged to enable the diversity of skills

to be recognised, backfill for periods of leave and the cross pollinating of activity ideas. The number of shared, joint events is commendable bringing community-based and residential-based clients together for social interaction and mateship.

A number of exciting health promotion activities were coordinated and/or supported, particularly in partnership with service clubs, local schools and businesses including health checks and referral information, food, nutrition and exercise programs. REDHS continued its delivery of drug and alcohol withdrawal services and participation in the local drug action team.

The use of telehealth services is steadily increasing including an endocrinology service that reduces the need to travel out of town to access this specialist service.

CLINICAL SERVICES

During the last year, each of the clinical services at REDHS have progressed to ensure our consumers have been the focus of our care. This has been timely as the consumer focus is very important to be demonstrated when external assessors visit our facilities. I would like to acknowledge the contributions of volunteers, committee members, and consumers and especially the contributions of our staff who continue to go above and beyond their duties in the personalised care of their clients.

Quality Unit

Reporting quality performance across the organisation has been a focus. Reporting to the Board and other governance committees has been further enhanced with the monthly quality report continuing to evolve. A quick reference dashboard has been included to allow Board Directors to tell at a glance the performance in key areas of care and service delivery such as falls, medication management, staff education and consumer engagement.

REDHS was successful in its application for a falls equipment grant, and our Board enriched this grant with additional funds to ensure bedside equipment was modernised and also approved dedicated hours for our Falls Coordinator.

REDHS is supporting the Lockington and District Bush Nursing Centre through education opportunities for staff and facilitating LDBNC representatives to attend two of REDHS's clinical governance committees. REDHS provides active support for the Loddon Mallee Clinical Care Council with input on the Consumer, Surgical and Anaesthetic and Urgent Care Centre working groups.

The Consumer Engagement Strategy was developed and the resulting activities are taking place including the formation of a Community Advisory Committee, Aboriginal education for staff, community forums regarding aged care services and joint initiatives with local schools.

Volunteers

REDHS would like to acknowledge the contributions of its fantastic volunteers who have been working in increasingly diverse fields. For example, we now have a volunteer in the coffee shop and someone assisting on operating theatre days. Paula Grech has ensured that the volunteers are supported and that REDHS meets the standards expected to respect these valuable contributors to care. Paula will now handover these duties to Fiona Ferrinda, who has taken on the role.

Education and Innovation

With the assistance of our Clinical Support Nurse, Cheryl Petrini, there have been many achievements attributed to education and innovation. These include the support and guidance of our organisation's involvement in the Strengthening Hospitals Response to Family Violence program.

REDHS has continued to participate in the Northern Rivers Graduate Nurse Program with the review of orientation processes and the Clinical Support Nurse working side-by-side with graduates being a positive change. REDHS has also participated in the Registered Undergraduate Student of Nursing (RUSON) project which promotes people who are studying nursing to work part-time in health while they develop their skills.

REDHS now has 'short and sharp' education sessions that are included in our monthly education calendar and a 'What's Happening' calendar so staff are aware of the education schedule.

Aged Care

During this year we have witnessed the length at which our Aged Care staff have gone to support their residents. Examples include assisting getting people to appointments on days-off and sharing fun and by assisting residents to attend social events. These and many other things make such a difference to the residents' lives. We thank our dedicated staff for all the big and small things they do. During a recent unannounced visit of the accreditation agency the surveyor noted amongst many positive comments from the residents 'the staff make me smile'. She also commented that she saw this in many interactions.

Aged Care Manager, Mark Cresp, continues to promote person centred care plans. As an example the work with dementia and mental health has made a real difference to people's care. There has also been focus on the introduction of new Aged Care Quality Standards and the new Charter of Rights for our residents. The replacement of essential equipment for resident care has been a significant achievement this year.

Our submission for refurbishment of the Nursing Home kitchen/dining area has been successful and architectural assessments have progressed. Building on the site is expected to commence later this year for completion mid-2020. Applications for other works to support the Hostel and potentially divide some of the double Nursing Home rooms into singles also appear promising.

Day Procedure Unit (DPU)

Our existing arrangement with Echuca Regional Health in contracting DPU work to its specialist nursing team continues to promote continuity of care. Our DPU has been diverted to Echuca since February 2019.

Acute Ward

Our Acute Ward has supported our recent success with accreditation under the new National Standards, a testament to the contributions of the Acute staff. All staff, particularly our After Hours Managers, have worked closely with our local general practitioners to adapt to the different care needs of the people in our care. This includes Urgent Care and the Transitional Care Program. This year we have implemented changes as a result of our Medical Models of Care project. These include introducing a new blood test that can be conducted at the point of care and

CLINICAL SERVICES

training more Rural and Isolated Practice Endorsed Registered Nurses. These nurses have advanced assessment skills and this can help with the workload of our hard working GPs. Our aim for 2019-20 will be to action more of the Medical Models of Care project recommendations, further reducing the pressures on our doctors.

REDHS Acute has been dynamic in rolling out new initiatives inclusive of My Health Record, the Sepsis Bundle of Care and having a representative on the consultative group for the implementation of the Voluntary Assisted Dying Act.

Infection Control

REDHS would like to acknowledge the ongoing stability with our antimicrobial stewardship program; our monitoring indicates our GPs are appropriately considering the right antibiotics for patient treatments.

Our Infection Control Nurse, Natasha Collins, has completed her training in Infection Control and has applied her skills in development of the plans to ensure sterility in our Day Procedure Unit complies with appropriate standards. REDHS staff are to be congratulated in their attention to hand hygiene and obtaining vaccinations allowing REDHS to exceed state-wide targets for each.

Mark Nally
Director of Clinical Services

COMMUNITY INVOLVEMENT AND SUPPORT

Rochester Hospital Auxiliary

The Rochester Hospital Auxiliary is fortunate to have fourteen members who are always ready to support our fund-raising events which are many and varied.

This year's donation of \$21,000 was a particularly substantial one with the major amount coming from the Debutante Ball. This enabled the purchase of two king sized electric beds, gym rails for Primary Care and an outdoor setting for Social Support Group.

Our hostess dinner was a success. A Melbourne Cup Day luncheon, raffles and an open garden event are planned.

Thanks to the community for its support as we work for our local health service.

Maureen Leahy
President

Donations and Bequests (\$100 and over only are listed)

Rochester Hospital Auxiliary	21,000
Pedal 4 A Purpose	2,610
In memory of Geoff Carr	500
Dependable Care	290
Lolly Trolley	200
Anonymous	100
Total (all donations and bequests)	\$24,813

CORPORATE SERVICES

Corporate Services continues to actively be a part of the REDHS Care Team of health care professionals which provide high quality coordinated care. The members of the environmental, catering, supply, finance and maintenance teams undertake their duties in a professional manner and are committed to the provision of high quality safe care to all who use REDHS services. This commitment was demonstrated when Corporate Services team recently established the Corporate Quality and Risk Committee. This committee gives all members of Corporate Services a platform to be able to discuss matters of quality in a holistic and integrated manner and to be able to develop strategies that would be of benefit to all at REDHS. The Corporate Services team is to be congratulated on such an initiative and the establishment of the committee it is a testament to the commitment of all in Corporate Services to the focus on quality at REDHS.

Catering

The catering team again passed its External Food Safety audit as well as its annual inspection by the Shire of Campaspe with flying colours. The ChefMax menu system was another quality initiative implemented by the catering team. ChefMax is a state of the art food services management system designed for healthcare and aged care industries. ChefMax includes a comprehensive suite of functions that enhance many aspects of REDHS' food services ranging from menu management, inventory control and managing dietary elements including allergens. Residents in the aged care settings have made many positive comments regarding the new meal ordering process that was introduced as part of the ChefMax rollout. ChefMax reflects REDHS' commitment to safe and healthy eating. This commitment is also demonstrated in the ongoing options available at REDHS' café.

Since it opened in July 2010, the REDHS' café, known as Café RED, has provided a warm and welcoming environment for staff and the community to come together and this year has seen Café RED continue to be as hospitable as ever. Operating weekdays between 9.30am and 2pm, Café RED provides a delicious range of food and drinks for all to partake. Café RED continues to provide choices that are compliant with Victorian Public Hospital Health Choices policy and are designed to support consumers in balancing their nutritional requirements. Café RED is a truly community focused area and as such REDHS was ecstatic with the very generous donation from the Elmore Summer Send off committee which went toward purchasing a new coffee machine for the cafe.

This year the catering team implemented a change to REDHS' internal catering policy where all internal catering must now also comply with the Victorian Public Hospital Health Choices policy. This change demonstrates REDHS' commitment to leading our community to better health as the health service not only "talks the talk" but "walks the walk".

The catering team also worked collaboratively with stakeholders across the health service as the new International Dysphagia Diet

Standardisation Initiative (IDDSI) standards were introduced. IDDSI is a global standard to describe texture modified foods and thickened drinks for individuals with swallowing difficulties of all ages, in all care settings. This new standard involved ongoing support and education from REDHS' Dietitian and Speech Pathologist and is a fine example of working together as a care team.

Environmental Services

The environmental team continue to keep REDHS facilities not only looking clean but also hygienic. The committed team forms the strong barrier between the health services patients, residents and clients and the germs and viruses which, if allowed to enter the facility, would have a detrimental effect upon the health of all of those who use our services. From the aged care settings to the Acute and Day Procedure Unit (DPU) and all stops in between, the environmental team members are the professionals committed to playing an active part of the care team by taking all steps to provide a quality service to maintain the health and wellbeing for all at REDHS.

Maintenance

Maintaining a multi-million dollar facility like REDHS is a challenging prospect, but one that is met head on by the REDHS Maintenance team. Buildings, infrastructure, plant, grounds and equipment are all maintained by this dedicated team. The team was kept busy managing such things as internal and external painting; the replacement of floor coverings and vinyl; as well as day to day maintenance of equipment ranging from medical, kitchen and office equipment. Not only is there the requirement to keep the building in working order and compliant with respective building codes, but also to undertake projects designed to enhance quality outcomes for REDHS.

This year the maintenance team also managed a number of projects across the health service including establishing the pipe from the Campaspe River to assist watering the grounds. Feedback provided to REDHS from the community indicated a desire for the health service to consider enhancing its grounds and with the generous support of the community, REDHS was able to establish a pipeline to the Campaspe River. The maintenance team also managed a range of other projects including the implementation of a glycol solar hot water plant which is one of only a few in Victoria.

Supply

The procurement team has had another year making sure that REDHS receives value for money for its purchases. From the smallest item to the largest, the procurement team has the responsibility of making sure that REDHS receives value for money for its purchases and that those purchases are compliant with State Government practices. From a quality perspective the procurement team introduced a bar-coding functionality across the health service to assist staff to be able to make routine and regular purchases in a more timely fashion and to make life easier for staff. The team works with all of the health

service's suppliers and staff to ensure that quality outcomes are always achieved as was demonstrated with the replacement of the beds across the health service. The team also manages REDHS' vehicle fleet making sure that the vehicles are utilised as efficiently and effectively as possible. The team oversaw the changeover of a number of vehicles including the purchase of the health service's new Volkswagen multi van which will be of great assistance to the health services social support group.

Finance

The finance team continues to work closely with the health service's contract accountant to provide oversight of the health service's accounts payable processes, taxation responsibilities, financial reporting, cash management functions as well as the operational reporting of financial activity to both staff, the Executive and the Board ensuring that there is compliance, transparency and accountability in the financial practices of the health service. The team continues to work collaboratively with our health sector colleagues at South West Healthcare with regard to the enhancement of the financial Oracle program so that robust financial data can be obtained to ensure that REDHS manages its finances in the most appropriate and compliant manner possible.

Environmental Performance

Rochester and Elmore District Health Service (REDHS) is committed to continuing the improvement of our environmental practices and minimising the adverse environmental effects of our operations. REDHS recognises the importance of using resources more efficiently and effectively and reducing environmental impacts.

During the 2018-19 year, REDHS finalised its Environmental Sustainability Plan for 2018-19 which will lead these positive changes. The staff at REDHS are committed to making improvement to our practices through the War on Waste team which implemented improvements to waste receptacles across the health service as well as improvements to the recycling of paper. This year REDHS also streamlined its vehicle fleet and the maintenance team implemented the aforementioned glycol solar hot water plant on top of the services building. REDHS has been working closely with Health Purchasing Victoria (HPV) to work toward implementing a 150KWp solar system for the health service which is planned to be commissioned in late 2019.

The New Year provides a raft of challenges for the Corporate Services team as it works collaboratively with staff, residents and their families regarding a range of fantastic opportunities, particularly the significant refurbishment of the Nursing Home dining room.

Colin Wellard

Corporate Services Manager

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YOUR COMMUNITY – YOUR HEALTH SERVICE

You Can Help In Many Ways

Donations and bequests play a vital part in the provision of services to residents in our community. REDHS relies on the generosity of individuals and organisations within our community.

You can help by:

- Making a donation towards a specific item
- Defraying the cost of much needed equipment
- Remembering the Health Service in your Will
- Joining the Hospital Auxiliary or volunteer program

Donations in memory of loved ones or in lieu of flowers are also appreciated. Envelopes are available for this purpose from the Health Service. Receipts are issued, acknowledgement letters are written, and when totals are known, summary letters are mailed to the deceased's next of kin.

Your help is needed – and will be appreciated.

STATUTORY INFORMATION

Financial Management Compliance attestation

I, Carol McKinstry, on behalf of the Responsible Body, certify that Rochester and Elmore District Health Service has complied with the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Dr Carol McKinstry
Board Chair
Rochester and Elmore District Health Service
31 July 2019

Availability of Additional Information

In compliance with the requirements of Standing Direction FDR22H of the Minister of Finance, details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Building Compliance

Rochester and Elmore District Health Service ensures that all buildings, plant and equipment in its control are maintained and operated according to the statutory requirements of the Building Act 1993 and the Minister for Finance Guideline Building Act 1993 Standards for Publicly Owned Buildings November 1994.

Carer's Recognition

In accordance with the Carer's Recognition Act 2012 (Carers Act), Rochester and Elmore District Health Service is taking all practicable measures to ensure that:

- management and employees have an awareness and understanding of the Statement for Australia's Carers; and
- persons who are in care relationships and who are receiving services in relation to the care relationship from REDHS, have an awareness and understanding of the care relationship principles; and
- REDHS' management and employees reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships implementing, providing or evaluating care supports.

Conflict of Interest

I, Anne McEvoy, certify that Rochester and Elmore District Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Rochester and Elmore District Health Service and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Consumer feedback

We welcome feedback in regard to the quality of our service and it assists the health service with the development of strategies for continuous improvement. Feedback forms are available throughout the health service. Alternatively, feedback can be emailed directly to the address below or via www.redhs.com.au

Compliments, suggestions and complaints should be directed to:

Chief Executive Officer, REDHS,
PO Box 202, Rochester Vic 3561
Ph: (03) 5484 4451
Email: rochhosp@redhs.com.au
Web: www.redhs.com.au

Date Integrity

I, Anne McEvoy certify that Rochester and Elmore District Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Rochester and Elmore District Health Service has critically reviewed these controls and processes during the year.

Freedom of Information

The Freedom of Information Act 1982 provides the public with a means to obtain information held by the Rochester and Elmore District Health Service. During the 2018-19 financial year, two requests were received from the general public, both of which were granted in full.

Information regarding making a Freedom of Information request can be found at www.redhs.com.au. Requests can be made by contacting the health service Freedom of Information Officer on (03) 5484 4451.

Compliance with Health Purchasing Victoria Health Purchasing Policies

I, Anne McEvoy, certify that Rochester and Elmore District Health Service has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the Health Purchasing Victoria (HPV) Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.

Integrity, fraud and corruption

I, Anne McEvoy certify that Rochester and Elmore District Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Rochester and Elmore District Health Service during the year.

National Competition Policy

Rochester and Elmore District Health Service continues to comply with the National Competition Policy. In addition, the Victorian Government's Competitive Neutrality Policy principles have been applied to all relevant business activities.

Protected Disclosure

The Protected Disclosure Act 2012 (Vic) (the Act) provides for the protection of persons who make a protected disclosure under the Act from detrimental action by officers, members, employees and contractors of Rochester and Elmore District Health Service. REDHS has policies and procedures in place to protect people against action that might be taken against them if they choose to make a protected disclosure. The policy is accessible to staff via REDHS intranet and publicly available at www.redhs.com.au. During the 2018-19 year, no applicable disclosures were made.

Safe Patient Care Act 2015

REDHS has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

Local Jobs First Act 2003

REDHS' procurement practices and purchasing policies comply with the Local Jobs First Act 2003. During 2018-19, there were no contracts requiring disclosure under the Local Jobs First Policy.



Anne McEvoy
Accountable Officer
Rochester and Elmore District Health Service
31 July 2019

DISCLOSURE INDEX

The annual report of the Rochester and Elmore District Health Service is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	1
FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Nature and range of services provided	2
FRD 22H	Activities, programs and achievements for the reporting period	3-4, 8-10
FRD 22H	Significant changes in key initiatives and expectations for the future	3-4, 8-10
Management and structure		
FRD 22H	Organisational structure	6
FRD 22H	Workforce data/ employment and conduct principles	13
FRD 22H	Occupational Health and Safety	14
Financial information		
FRD 22H	Summary of the financial results for the year	25
FRD 22H	Significant changes in financial position during the year	24
FRD 22H	Operational and budgetary objectives and performance against objectives	3-4, 8-12, 24-25
FRD 22H	Subsequent events	28
FRD 22H	Details of consultancies under \$10,000	25
FRD 22H	Details of consultancies over \$10,000	25
FRD 22H	Disclosure of ICT expenditure	25
Legislation		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	20
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	19
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	20
FRD 22H	Statement on National Competition Policy	20
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	19
FRD 22H	Summary of the entity's environmental performance	18
FRD 22H	Additional information available on request	19
Other relevant reporting directives		
FRD 25D	Local Jobs First Act 2003 disclosures	20
SD 5.1.4	Financial Management Compliance attestation	19
SD 5.2.3	Declaration in report of operations	3-4
Attestations		
	Attestation on Data Integrity	20
	Attestation on managing Conflicts of Interest	19
	Attestation on Integrity, fraud and corruption	20
Other reporting requirements		
	• Reporting of outcomes from Statement of Priorities 2018–19	8-12, 24
	• Occupational Violence reporting	14
	• Reporting of compliance Health Purchasing Victoria policy	20
	• Reporting obligations under the <i>Safe Patient Care Act 2015</i>	20

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Leading our community to better health



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Rochester and Elmore District Health Service

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FINANCIAL INFORMATION

PERFORMANCE AGAINST STATEMENT OF PRIORITIES

The statement of priorities is the key accountability agreement between the Secretary for Health and Human Services and Rochester and Elmore District Health Service.

There were no significant changes in the financial position during 2018/19.

PART A: Strategic Priorities

See REDHS 2018-19 Report of Operations pages 8-10 for details.

PART B: Performance Priorities

Service Performance: See REDHS 2018-19 Report of Operations pages 11-12 for details.

Effective financial management

Key performance indicator	Target	Result
Finance		
Operating result (\$m)	0.13	(0.135)
Average number of days to paying trade creditors	60 days	43 Days
Average number of days to receiving patient fee debtors	60 days	3 Days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.30
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	127.5
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	127.5

PART C: Activity and Funding

Funding type	2018-19 Activity Achievement	Units
Small Rural		
Small Rural Acute	9	
Small Rural Primary Health and HACC	741	Service hours
Small Rural Residential Care (bed days)	20,373	Bed days
Health Workforce	5	Number of graduate nurses
Other specified funding	141,000	

DETAILS OF CONSULTANCIES

Details of Consultancies (under \$10,000)

In 2018-19 there were 12 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018-19 in relation to these consultancies is \$40,615 (excl. GST).

Details of Consultancies (valued at \$10,000 or greater)

In 2018-19 there were no consultancies where the total fees payable to the consultants were \$10,000 or greater.

Information and Communication Technology (ICT) disclosure

The total ICT expenditure incurred during 2018–19 is \$474,612.54 (excluding GST) with the details shown below:

Business as Usual (BAU) ICT expenditure	Non Business as Usual (non-BAU) ICT Expenditure		
Total (excluding GST)	Total of Operational and Capital expenditure	Operational expenditure	Capital expenditure
\$400,113.60	\$74,498.94	\$15,485.21	\$59,013.73

Financials in Brief

The table below is a summary of the financial results for 2018/19, from annual financial statements, with comparative results for the preceding four financial years.

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
Operating Result					
Total Revenue	15,479	14,603	14,265	13,344	13,053
Total Expenses	16,338	15,532	14,730	14,158	14,252
Net Result from Transactions	-859	-929	-465	-814	-1,199
Total Other Economic Flows	162	1			
Net result	-697	(928)	(466)	(814)	(1,199)
Total Assets	53,129	50,574	46,904	46,965	46,007
Total Liabilities	9,092	10,742	9,435	9,030	7,258
Net Assets/Total Equity	44,037	39,832	37,469	37,935	38,749

	2019 \$000
Net operating result *	(134,737)
Capital and specific items	
Capital purpose income	947,877
Specific income	0
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	(278,645)
Depreciation and amortisation	(1,393,155)
Impairment of non-financial assets	0
Finance costs (other)	0
Net result from transactions	(858,660)

Independent Auditor's Report

To the Board of Rochester and Elmore District Health Service

Opinion	<p>I have audited the financial report of Rochester and Elmore District Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
4 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

**Rochester and Elmore District Health Service
Board Member's, Accountable Officer's and
Chief Finance & Accounting Officer's declaration**

The attached financial statements for Rochester and Elmore District Health Service have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of Rochester and Elmore District Health Service at 30 June 2019.

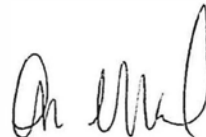
At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on this day.



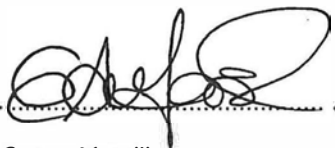
Carol McKinstry
Chairperson

Rochester
26th August 2019



Colin Wellard
Accountable Officer
Acting Chief Executive Officer

Rochester
26th August 2019



Seppe Marsili
Chief Finance & Accounting
Officer

Rochester
26th August 2019

Rochester and Elmore District Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2019

		2019	2018
		\$'000	\$'000
Income from Transactions			
Operating Activities	2.1	15,249	14,340
Non-operating Activities	2.1	230	263
Other Income	2.1	-	-
Total Income from Transactions		15,479	14,603
Expenses from Transactions			
Employee Expenses	3.1	(11,819)	(11,247)
Supplies and consumables	3.1	(866)	(904)
Depreciation	4.3	(1,393)	(1,497)
Other Operating Expenses	3.1	(2,260)	(1,884)
Other Non-operating expenses	3.1	-	-
Total Expenses from Transactions		(16,338)	(15,532)
Net Result from Transactions - Net Operating Balance		(859)	(929)
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	40	(11)
Other Gains/(Loss) from Other Economic Flows	3.2	115	18
Share of Other Economic Flows from Joint Operation	3.2	7	(6)
Total Other Economic Flows included in Net Result		162	1
Net Result for the year		(697)	(928)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(f)	4,902	3,291
Total Other Comprehensive Income		4,902	3,291
Comprehensive result for the year		4,205	2,363

This Statement should be read in conjunction with the accompanying notes.

Rochester and Elmore District Health Service

Balance Sheet as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash and Cash Equivalents	6.1	10,686	9,437
Receivables	5.1	335	349
Investments and Other financial assets	4.1	-	3,122
Inventories		42	46
Other Financial Assets		182	140
Total Current Assets		11,245	13,094
Non-Current Assets			
Receivables	5.1	493	261
Property, Plant & Equipment	4.2	41,391	37,220
Total Non-Current Assets		41,884	37,481
TOTAL ASSETS		53,129	50,574
Current Liabilities			
Payables	5.2	844	895
Provisions	3.4	2,384	2,254
Other Liabilities	5.3	5,655	7,439
Total Current Liabilities		8,883	10,588
Non-Current Liabilities			
Provisions	3.4	209	153
Total Non-Current Liabilities		209	153
TOTAL LIABILITIES		9,092	10,742
NET ASSETS		44,037	39,832
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2	26,246	21,344
Restricted Specific Purpose Surplus		944	926
Contributed Capital		7,370	7,370
Accumulated Surpluses		9,477	10,193
TOTAL EQUITY		44,037	39,832

This Statement should be read in conjunction with the accompanying notes.

Rochester and Elmore District Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2019

		Property, Plant and Equipment Revaluation Surplus	Restricted Special Purpose Surplus	Contributed Capital	Accumulated Surpluses / (Deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017		18,053	927	7,370	11,120	37,470
Net result for the year		-	-	-	(928)	(928)
Other comprehensive income for the year		3,291	-	-	-	3,291
Transfers from (to) accumulated deficits		-	(1)	-	1	-
Balance at 30 June 2018		21,344	926	7,370	10,193	39,833
Net result for the year		-	-	-	(697)	(697)
Other comprehensive income for the year		4,902	-	-	-	4,902
Transfers from (to) accumulated deficits		-	18	-	(18)	-
Opening balance adjustment on adoption of AASB 9		-	-	-	(1)	(1)
Balance at 30 June 2019		26,246	944	7,370	9,477	44,037

This Statement should be read in conjunction with the accompanying notes.

Rochester and Elmore District Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Operating Grants from Government		11,298	10,913
Capital Grants from Government		834	321
Other Capital Receipts		112	97
Patient and Resident Fees Received		1,779	1,733
Donations and Bequests Received		25	27
GST Received from/(paid to) ATO		211	213
Interest Received		177	158
Other Receipts		1,004	1,053
Total Receipts		15,440	14,515
Employee Expenses Paid		(11,564)	(10,897)
Non Salary Labour Costs		(249)	(267)
Payments for Supplies & Consumables		(1,175)	(1,182)
Payment for share of Rural Health Alliance		(17)	(21)
Other Payments		(1,927)	(1,641)
Total Payments		(14,932)	(14,008)
Net Cash Flows from/(used in) Operating Activities	8.1	508	507
Cash Flows from Investing Activities			
Purchase of Investments		(204)	(86)
Proceeds from Disposal of Investments		3,340	-
Payments for Non-Financial Assets		(662)	(559)
Proceeds from sale of Non-Financial Assets		52	7
Net Cash Flows from/(used in) Investing Activities		2,526	(638)
Cash Flows from Financing Activities			
Receipt of Accommodation Bonds		1,639	2,874
Repayments of Accommodation Bonds		(3,423)	(1,384)
Net Cash Flows from/(used in) Financing Activities		(1,784)	1,489
Net Increase/(Decrease) in Cash and Cash Equivalents Held		1,250	1,358
Cash and Cash Equivalents at beginning of financial year		9,436	8,078
Cash and Cash Equivalents at End of Year	6.1	10,686	9,436

This Statement should be read in conjunction with the accompanying notes.

Rochester and Elmore District Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Note 1 – Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Rochester and Elmore District Health Service and its controlled entities for the year ended 30 June 2019. The report provides users with information about the Health Service's stewardship of resources entrusted to it.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act* 1994 and applicable AASBs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

The Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

The annual financial statements were authorised for issue by the Board of Rochester and Elmore District Health Service on 26th August 2019.

(b) Reporting Entity

The financial statements include all the controlled activities of Rochester and Elmore District Health Service.

Its principal address is:

1 Pascoe Street
Rochester VIC 3551.

A description of the nature of Rochester and Elmore District Health Service's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

(c) Basis of Accounting Preparation and Measurement

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

These financial statements are presented in Australian dollars, the functional and presentation currency of Rochester and Elmore District Health Service.

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

The Rochester and Elmore District Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is, they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

Commitments and contingent assets and liabilities are presented on a gross basis.

(d) Jointly Controlled Operation

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, Rochester and Elmore District Health Service recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

Rochester and Elmore District Health Service is a member of the Loddon Mallee Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations)

(e) Equity

Contributed Capital

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Rochester and Elmore District Health Service.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where Rochester and Elmore District Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(f) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, Note 3.1, Note 3.2 and Note 7.1.

Note: 2 Funding Delivery of Our Services

Rochester and Elmore District Health Service's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

Rochester and Elmore District Health is predominantly funded by accrual based grant funding for the provision of outputs.

Rochester and Elmore District Health Service also receives income from the supply of services.

Structure

2.1 Income from Transactions

Note 2.1: Income from Transactions

	2019 \$'000	2018 \$'000
Government Grants - Operating	11,314	10,929
Government Grants - Capital	834	321
Patient and Resident Fees	1,719	1,678
Commercial Activities ¹	119	128
Other Revenue from Operating Activities (including non-capital donations)	1,263	1,284
Total Income from Operating Activities	15,249	14,340
Capital Interest	53	105
Other Interest	177	158
Total Income from Non-Operating Activities	230	263
Total Income from Transactions	15,479	14,603

¹ Commercial activities represent business activities which health service enter into to support their operations.

Revenue Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Rochester and Elmore District Health Service and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Government Grants and Other Transfers of Income (other than contributions by owners)

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when Rochester and Elmore District Health Service gains control of the underlying assets irrespective of whether conditions are imposed on Rochester and Elmore District Health Service's use of the contributions.

The Department of Health and Human Services makes certain payments on behalf of Rochester and Elmore District Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue.

Contributions are deferred as income in advance when Rochester and Elmore District Health Service has a present obligation to repay them and the present obligation can be reliably measured.

Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular

Patient and Resident Fees

Patient and resident fees are recognised as revenue on an accrual basis.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

Revenue from Commercial Activities

Revenue from commercial activities such as car park and property rental income are recognised on an accrual basis.

Other Income

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset, which allocates interest over the relevant period.

Note 3: The Cost of Delivering Our Services

This section provides an account of the expenses incurred by Rochester and Elmore District Health Service in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

- 3.1 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Analysis of expenses and revenue by internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

Note 3.1: Expenses from Transactions

	2019 \$'000	2018 \$'000
Salaries and Wages	9,002	8,669
On-costs	2,298	2,004
Agency Expenses	188	234
Fee for Service Medical Officer Expenses	249	267
Workcover Premium	82	73
Total Employee Expenses	11,819	11,247
Drug Supplies	53	66
Medical and Surgical Supplies (including Prostheses)	205	203
Diagnostic and Radiology Supplies	96	75
Other Supplies and Consumables	512	560
Total Supplies and Consumables	866	904
Fuel, Light, Power and Water	311	272
Repairs and Maintenance	197	188
Maintenance Contracts	107	135
Medical Indemnity Insurance	37	33
Other Administrative Expenses	1,331	1,232
Expenditure for Capital Purposes	277	24
Total Other Operating Expenses	2,260	1,884
Depreciation and Amortisation (refer Note 4.3)	1,393	1,497
Total Other Non-Operating Expenses	1,393	1,497
Total Expenses from Transactions	16,338	15,532

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee Expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses;
- Work cover premium.

Supplies and consumables

Supplies and consumables - Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Other Operating Expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

The Department of Health and Human Services also makes certain payments on behalf of Rochester and Elmore District Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

Other non-operating expenses generally represent expenditure for outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Other economic flows included in net result

	2019 \$'000	2018 \$'000
<i>Net gain/(loss) on financial instruments at amortised cost</i>		
Allowance for impairment losses of contractual receivables	(1)	(1)
Net gain/(loss) on disposal of financial instruments	41	(10)
Total net gain/(loss) on financial instruments at amortised cost	40	(11)
<i>Share of other economic flows from Joint Operations</i>		
Share of net profits/(losses) of joint entities, excluding dividends	7	(6)
Total Share of other economic flows from Joint Operations	7	(6)
<i>Other gains/(losses) from other economic flows</i>		
Net gain/(loss) arising from revaluation of long service liability	115	18
Total other gains/(losses) from other economic flows	115	18
Total other gains/(losses) from economic flows	162	1

Net gain/ (loss) on non-financial assets

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment.)
- Net gain/ (loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/ (loss) on financial instruments at amortised cost

Net gain/ (loss) on financial instruments at fair value includes:

- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.1 Investments and other financial assets.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Inventories

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Fair Value of Assets, Services Provided Free of Charge or for Nominal Consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.

Note 3.3: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Commercial Activities				
Radiology	72	71	52	60
Meals on Wheels	17	42	24	29
Cafeteria	77	58	45	38
Primary Care Partnership	314	330	380	338
Total	480	501	501	465

Note 3.4: Employee Benefits in the Balance Sheet

CURRENT PROVISIONS

Employee Benefits (i)

Accrued Day Off

- Unconditional and expected to be settled within 12 months (ii)
- Unconditional and expected to be settled after 12 months (iii)

Annual Leave

- Unconditional and expected to be settled within 12 months (ii)
- Unconditional and expected to be settled after 12 months (iii)

Long Service Leave

- Unconditional and expected to be settled within 12 months (ii)
- Unconditional and expected to be settled after 12 months (iii)

Provisions related to employee benefit on-costs

- Unconditional and expected to be settled within 12 months (ii)
- Unconditional and expected to be settled after 12 months (iii)

TOTAL CURRENT PROVISIONS

NON-CURRENT PROVISIONS

Conditional Long Service Leave

Provisions related to employee benefits on-costs

TOTAL NON-CURRENT PROVISIONS

TOTAL PROVISION

2019 \$'000	2018 \$'000
4	5
1	1
802	810
135	137
145	133
1,071	953
2,158	2,039
100	100
126	115
226	215
2,384	2,254
189	139
20	15
209	154
2,593	2,408

ⁱ Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

ⁱⁱ The amounts disclosed are nominal amounts.

ⁱⁱⁱ The amounts disclosed are discounted to present values.

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs

Annual Leave Entitlements

Accrued Days Off

Unconditional Long Service Leave Entitlements

Non-Current Employee Benefits and Related On-Costs

Conditional Long Service Leave Entitlements

TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS

2019 \$'000	2018 \$'000
1,036	1,046
5	7
1,343	1,201
209	154
2,593	2,408

(b) Movements in On-Costs Provisions

Balance at start of year

Provision made during the year

Unwinding of discount and effect of changes in the discount rate

Settlement made during the year

Balance at end of year

2019 \$'000
229
37
(20)
-
246

Employee Benefit Recognition

Provision is made for benefits accruing to employees in respect of accrued days off, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions

Provisions are recognised when Rochester and Elmore District Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because Rochester & Elmore District Health Service does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

Nominal value – if Rochester and Elmore District Health Service expects to wholly settle within 12 months; or

Present value – if Rochester and Elmore District Health Service does not expect to wholly settle within 12 months.

Long Service Leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Rochester and Elmore District Health Service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if Rochester and Elmore District Health Service expects to wholly settle within 12 months; or
- Present value – if Rochester and Elmore District Health Service does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

On-Costs Related to Employee Benefits

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.5: Superannuation

Defined Contribution plans:

First State Super
Host Plus Super
HESTA Administration
Other

TOTAL

2019 \$'000	2018 \$'000
592	572
4	4
281	262
16	-
893	838

Employees of Rochester and Elmore District Health Service are entitled to receive superannuation benefits and Rochester and Elmore District Health Service contributions paid or payable for the reporting period are included as part of the employee benefits in the comprehensive operating statement of the Health Service.

Defined Contribution Superannuation Plans

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

Note 4: Key Assets to Support Service Delivery

Rochester and Elmore District Health Service controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Health Service to be utilised for delivery of those outputs.

Structure

- 4.1 Investments and Other Financial Assets
- 4.2 Property, Plant & Equipment
- 4.3 Depreciation

Note 4.1: Investments and Other Financial Assets

	Capital		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
CURRENT				
Term Deposit				
Central Banking System	-	-	-	-
Term Deposits > 3 Months	-	3,122	-	3,122
TOTAL CURRENT	-	3,122	-	3,122
Represented by:				
Health Service Investments	-	3,122	-	3,122
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	-	3,122	-	3,122

Investment Recognition

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified as loans and receivables.

The Rochester and Elmore District Health Service classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. Rochester and Elmore District Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Rochester and Elmore District Health Service's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

Rochester and Elmore District Health Service's controlled entities manage their investments in accordance with their own investment policy as approved by their Board and their investments are consolidated into Rochester & Elmore District Health Service for reporting purposes as it is the ultimate beneficiary of Rochester & Elmore District Health Service Foundation.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- Rochester and Elmore District Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Rochester and Elmore District Health Service has transferred its rights to receive cash flows from the asset and either:
 - Has transferred substantially all the risks and rewards of the asset; or
 - Has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Rochester and Elmore District Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Rochester and Elmore District Health Service's continuing involvement in the asset.

Impairment of Financial Assets

At the end of each reporting period, Rochester and Elmore District Health Service assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.

Note 4.2: Property, plant and equipment

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H Non-Current Physical Assets. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H, Rochester and Elmore District Health Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the purpose of fair value disclosures, Rochester and Elmore District Health Service has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Rochester and Elmore District Health Service determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Rochester and Elmore District Health Service's independent valuation agency. The estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Consideration of highest and best use (HBU) for non-financial physical assets

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with paragraph AASB 13.29, Rochester and Elmore District Health Service has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Non-Specialised Land, Non-Specialised Buildings and Cultural Assets

Non-specialised land, non-specialised buildings and cultural assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised Land and Specialised Buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, Rochester and Elmore District Health Service held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is also used for specialised land and specialised buildings although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For Rochester and Elmore District Health Service, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Rochester and Elmore District Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

Vehicles

The Rochester and Elmore District Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and Equipment

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2019.

For all assets measured at fair value, the current use is considered the highest and best use.

Note 4.2: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	2019 \$'000	2018 \$'000
Land		
- Land at Fair Value	358	382
- Landscaping at Fair Value	259	257
Less Accumulated Depreciation	-	(25)
Total Land	617	614
Buildings		
- Buildings at Fair Value	38,996	35,168
Less Accumulated Depreciation	-	-
Total Buildings	38,996	35,168
Plant and Equipment		
- Plant and Equipment at Fair Value	3,041	2,851
Less Accumulated Depreciation	(1,989)	(2,058)
- Loddon Mallee Rural Health Alliance at Fair Value	55	55
Less Accumulated Depreciation	(31)	(31)
Total Plant and Equipment	1,076	817
Motor Vehicles		
- Motor Vehicles at Fair Value	384	377
Less Accumulated Depreciation	(203)	(273)
Total Motor Vehicles	181	104
Computers and Communication		
- Computers and Communication at Fair Value	325	277
Less Accumulated Depreciation	(255)	(220)
Total Computers and Communications	70	57
Furniture and Fittings		
- Furniture and Fittings at Fair Value	983	933
Less Accumulated Depreciation	(553)	(521)
Total Furniture and Fittings	430	412
Work In Progress		
Work In Progress at Cost	21	47
Total Work In Progress	21	47
TOTAL PROPERTY, PLANT AND EQUIPMENT	41,391	37,220

Note 4.2: Property, Plant and Equipment (Continued)

(b) Reconciliations of the carrying amounts of each class of asset

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Computer Equip \$'000	Furniture & Fittings \$'000	Work in Progress \$'000	Total \$'000
Balance at 1 July 2017	619	32,989	579	153	119	403	-	34,862
Additions	-	-	416	23	10	62	47	558
Transfers In/(out)	-	-	-	-	-	-	-	-
Loddon Mallee Rural Health Alliance	-	-	22	-	-	-	-	22
Disposals	-	-	(16)	-	-	-	-	(16)
Revaluation increments/(decrements)	-	3,291	-	-	-	-	-	3,291
Depreciation (see Note 4.3)	(5)	(1,112)	(183)	(72)	(72)	(53)	-	(1,497)
Balance at 30 June 2018	614	35,168	817	104	57	412	47	37,220
Additions	-	-	424	142	59	68	46	739
Transfers In/(out)	-	-	5	-	-	-	(72)	(67)
Loddon Mallee Rural Health Alliance	-	-	-	-	-	-	-	-
Disposals	-	-	(10)	-	-	-	-	(10)
Revaluation increments/(decrements)	8	4,894	-	-	-	-	-	4,902
Depreciation (see Note 4.3)	(5)	(1,067)	(160)	(65)	(46)	(50)	-	(1,393)
Balance at 30 June 2019	617	38,996	1,076	181	70	430	21	41,391

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Rochester and Elmore District Health Services owned and leased land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2019.

Note 4.2: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Balance at 30 June 2019				
Land at fair value				
Non-specialised land	132	-	132	-
Specialised land	226	-	-	226
Total of land at fair value	358	-	132	226
Buildings at fair value				
Non-specialised buildings	1,462	-	1,462	-
Specialised buildings	37,534	-	-	37,534
Total of building at fair value	38,996	-	1,462	37,534
Land Improvements at fair value	259	-	-	259
Plant and Equipment at fair value	1,076	-	-	1,076
Motor Vehicles at fair value	181	-	-	181
Computer and Communication at fair value	70	-	-	70
Furniture and Fittings at fair value	430	-	-	430
Work in Progress at fair value	21	-	-	21
	41,391	-	1,594	39,797

ⁱ Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2018.

	Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Balance at 30 June 2018				
Land at fair value				
Non-specialised land	140	-	140	-
Specialised land	242	-	-	242
Total of land at fair value	382	-	140	242
Buildings at fair value				
Non-specialised buildings	1,521	-	1,521	-
Specialised buildings	33,647	-	-	33,647
Total of building at fair value	35,168	-	1,521	33,647
Land Improvements at fair value	233	-	-	233
Plant and Equipment at fair value	817	-	-	817
Motor Vehicles at fair value	104	-	-	104
Computer and Communication at fair value	57	-	-	57
Furniture and Fittings at fair value	412	-	-	412
Work in Progress at fair value	47	-	-	47
	37,220	-	1,661	35,559

ⁱ Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2018.

Note 4.2: Property, plant & equipment (continued)

(d) Reconciliation of Level 3 Fair Value measurement

	Land \$'000	Buildings \$'000	Land Improvements \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Computers and Communication \$'000	Furniture and Fittings \$'000	Work in Progress \$'000
Balance at 1 July 2018	242	33,647	232	817	104	57	412	47
Additions/(Disposals)	-	-	-	414	142	59	68	(27)
Gains or losses recognised in net result - Depreciation	-	(1,031)	(5)	(160)	(65)	(46)	(50)	-
Items recognised in other comprehensive income - Revaluation	(16)	4,918	32	-	-	-	-	-
Balance at 30 June 2019	226	37,534	259	1,071	181	70	430	21

	Land \$'000	Buildings \$'000	Land Improvements \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Computers and Communication \$'000	Furniture and Fittings \$'000	Work in Progress \$'000
Balance at 1 July 2017	242	31,498	237	579	153	119	403	-
Additions/(Disposals)	-	-	-	421	23	10	62	47
Gains or losses recognised in net result - Depreciation	-	(1,076)	(5)	(183)	(72)	(72)	(53)	-
Items recognised in other comprehensive income - Revaluation	-	3,225	-	-	-	-	-	-
Balance at 30 June 2018	242	33,647	232	817	104	57	412	47

Note 4.2: Property, plant & equipment (continued)

(e) Fair Value Determination

Asset class	Likely valuation approach	Significant inputs (Level 3 only) ^(c)
Non-Specialised Land	Market approach	n.a.
Specialised Land	Market approach	- Community Service - Obligations Adjustments
Non-Specialised buildings	Market approach	n.a.
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Landscaping and Grounds	Depreciated replacement cost approach	- Direct replacement cost - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life
Vehicles	Market approach	n.a.
	Depreciated replacement cost approach	- Cost per unit - Useful life
Computers and Communication	Depreciated replacement cost approach	- Cost per unit - Useful life
Furniture and Fittings	Depreciated replacement cost approach	- Cost per unit - Useful life

Note 4.2: Property, plant & equipment (continued)

(f) Revaluation Surplus

Property, Plant and Equipment Revaluation Surplus

Balance at the beginning of the reporting period

Transfer to Accumulated Deficits

- Land

Revaluation Increment

- Land (refer Note 4.2(b))

- Buildings

Balance at the end of the reporting period*

* Represented by:

- Land

- Buildings

2019 \$'000	2018 \$'000
21,344	18,053
-	-
8	-
4,894	3,291
26,246	21,344
204	196
26,042	21,148
26,246	21,344

Note 4.3: Depreciation

	2019 \$'000	2018 \$'000
Buildings	1,067	1,112
Land Improvements	5	5
Plant & Equipment	160	179
Motor Vehicles	65	72
Computer and Communications	46	72
Furniture and Fittings	50	53
Loddon Mallee Rural Health Alliance	-	4
TOTAL DEPRECIATION	1,393	1,497

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

The following table indicates the expected useful lives of non-current assets on which the depreciation charges are based.

	2019	2018
Buildings		
- Structure Shell Building Fabric	45 to 60 years	45 to 60 years
- Site Engineering Services and Central Plant	20 to 30 years	20 to 30 years
Central Plant		
- Fit Out	20 to 30 years	20 to 30 years
- Trunk Reticulated Building Systems	30 to 40 years	30 to 40 years
Plant & Equipment	3 to 20 years	3 to 20 years
Medical Equipment	5 to 10 years	5 to 10 years
Motor Vehicles	2 to 5 years	2 to 5 years
Computers and Communication	3 years	3 years
Furniture and Fittings	3 to 40 years	3 to 40 years

As part of the buildings valuation, building values were separated into components and each component assessed for its useful life which is represented above.

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Rochester and Elmore District Health Service's operations.

Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Other liabilities

Note 5.1: Receivables

	2019 \$'000	2018 \$'000
CURRENT		
Contractual		
Inter Hospital Debtors	32	61
Trade Debtors	132	88
Patient Fees	10	19
Accrued Revenue	44	80
Loddon Mallee Rural Health Alliance Receivables	21	18
Less: Allowance for impairment losses of contractual receivables		
Patient Fees	(2)	(2)
	237	265
Statutory		
GST Receivable	95	78
Loddon Mallee Rural Health Alliance GST Receivables	3	7
	98	85
TOTAL CURRENT RECEIVABLES	335	349
NON-CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	493	261
	493	261
TOTAL NON-CURRENT RECEIVABLES	493	261
TOTAL RECEIVABLES	828	610

Note 5.1 (a): Movement in the Allowance for impairment losses of contractual receivables

	2019 \$'000	2018 \$'000
Balance at beginning of year	2	2
Opening retained earnings adjustment on adoption of AASB 9	(1)	..
Reversal of allowance written off during the year as uncollectable	(1)	-
Reversal of unused allowance recognised in the net result	-	-
Increase in allowance recognised in net result	2	-
Balance at end of year	2	2

Receivables recognition

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Rochester and Elmore District Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Rochester and Elmore District Health Service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

Rochester and Elmore District Health Service is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Note 5.2: Payables

	2019 \$'000	2018 \$'000
CURRENT		
Contractual		
Trade Creditors	100	231
Accrued Salaries and Wages	432	375
Accrued Expenses	86	89
Accrued Audit Fees	39	13
Inter- Hospital Creditors	59	6
Other Payables	26	83
Loddon Mallee Rural Health Alliance	65	65
	807	864
Statutory		
GST Payable	37	31
TOTAL CURRENT PAYABLES	37	31
TOTAL PAYABLES	844	895

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Rochester and Elmore District Health Service prior to the end of the financial year that are unpaid; and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Nett 60 days.

Maturity analysis of payables

Please refer to Note 7.1(b) for the ageing analysis of payables.

Note 5.3: Other Liabilities

CURRENT

Monies Held in Trust*

- Accommodation Bonds (Refundable Entrance Fees)

Total Current

Total Other Liabilities

*** Total Monies Held in Trust**

Represented by the following assets:

Cash and Cash Equivalents (refer to Note 6.1)

TOTAL

2019 \$'000	2018 \$'000
5,655	7,439
5,655	7,439
5,655	7,439
5,655	7,439
5,655	7,439

Note 6: How we Finance Our Operations

This section provides information on the sources of finance utilised by Rochester and Elmore District Health Service during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the health service.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note: 7.1 provides additional, specific financial instrument disclosures.

Structure

6.1 Cash and Cash Equivalents

6.2 Commitments for Expenditure

Note 6.1: Cash and Cash Equivalents

	2019 \$'000	2018 \$'000
Cash on Hand (excluding Monies held in trust)	1	1
Cash at Bank (excluding Monies held in trust)	4,826	1,777
Cash at Bank (Monies held in trust)	5,655	7,437
Loddon Mallee Rural Health Alliance	204	222
TOTAL CASH AND CASH EQUIVALENTS	10,686	9,437

Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the Balance Sheet. The cash flow statement includes monies held in trust.

Note 6.2: Commitments for Expenditure

Rochester and Elmore District Health Service does not have any commitments for expenditure.

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Note 7: Risks, Contingencies & Valuation Uncertainties

Rochester and Elmore District Health Service is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the health service is related mainly to fair value determination.

Structure

7.1 Financial Instruments

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Rochester and Elmore District Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
2019			
Contractual Financial Assets			
Cash and cash equivalents	10,686	-	10,686
Receivables			
- Trade Debtors	172	-	172
- Other Receivables	65	-	65
Investments and Other Financial Assets			
- Term Deposit	-	-	-
Total Financial Assets ⁽ⁱ⁾	10,923	-	10,923
Financial Liabilities			
Payables	-	807	807
Total Financial Liabilities ⁽ⁱ⁾	-	807	807

	Contractual Financial Assets - Loans and Receivables and Cash \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
2018			
Contractual Financial Assets			
Cash and cash equivalents	9,437	-	9,437
Receivables			
- Trade Debtors	166	-	166
- Other Receivables	98	-	98
Investments and Other Financial Assets			
- Term Deposit	3,122	-	3,122
Total Financial Assets ⁽ⁱ⁾	12,823	-	12,823
Financial Liabilities			
Payables	-	864	864
Total Financial Liabilities ⁽ⁱ⁾	-	864	864

ⁱ The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

From 1 July 2018, Rochester and Elmore District Health applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9.

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Rochester and Elmore District Health to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Department recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);

Categories of financial assets previously under AASB 139

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Rochester and Elmore District Health Service recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables);
- term deposits; and

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Rochester and Elmore District Health Service recognises the following liabilities in this category:

- payables (excluding statutory payables); and

Note 7.1: Financial Instruments (continued)

(b) Payables Maturity Analysis

The following table discloses the contractual maturity analysis for Rochester and Elmore District Health Service's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Maturity analysis of Financial Liabilities as at 30 June

Maturity Analysis of Financial Liabilities as at 30 June						
Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000
2019						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	5.2	807	807	-	-	-
Other Financial Liabilities (i)						
- Accommodation Deposits	5.3	5,655	5,655	-	-	-
Total Financial Liabilities		6,462	6,462	-	-	-
2018						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	5.2	864	864	-	-	-
Other Financial Liabilities (i)						
- Accommodation Deposits	5.3	7,439	7,439	-	400	7,039
Total Financial Liabilities		8,303	8,303	864	400	7,039

(i) Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e GST payable)

Note 7.1: Financial Instruments (continued)

(c) Contractual receivables at amortised cost

	1-Jul-18	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
Patient Debtors							
Expected loss rate		1%	2%	3%	20%	20%	
Gross carrying amount of contractual receivables		21,786	0	7,056	454	37	29,333
Loss allowance		218	0	212	91	7	528

	30-Jun-19	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
Patient Debtors							
Expected loss rate		1%	2%	3%	20%	20%	
Gross carrying amount of contractual receivables		10,144	4,423	1,262	6,673	0	22,502
Loss allowance		101	88	38	1,335	0	1,562

	30-Jun-19	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
Other including Government Agencies							
Expected loss rate		0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables		117,458	18,557	5,444	102	(898)	140,663
Loss allowance		-	-	-	-	-	-

Impairment of financial assets under AASB 9 – applicable from 1 July 2018

From 1 July 2018, the Rochester and Elmore District Health Service has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Rochester and Elmore District Health Service's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

The Rochester and Elmore District Health Service applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Rochester and Elmore District Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Department's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the Rochester and Elmore District Health Service determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

Reconciliation of the movement in the loss allowance for contractual receivables

	2019	2018
Balance at beginning of the year	(1,721)	(1,721)
Opening retained earnings adjustment on adoption of AASB 9	1,193	..
Opening Loss Allowance	(528)	(1,721)
Modification of contractual cash flows on financial assets	0	0
Increase in provision recognised in the net result	(2,331)	0
Reversal of provision of receivables written off during the year as uncollectible	1,296	0
Reversal of unused provision recognised in the net result	0	0
Balance at end of the year	(1,562)	(1,721)

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables and debt investments at amortised cost [AASB2016-8.4]

The Rochester and Elmore District Health Service's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

Note 8: Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Persons Disclosure
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring after the Balance Sheet Date
- 8.7 Jointly Controlled Operations
- 8.8 Economic Dependency
- 8.9 AASBs Issued that are not yet Effective
- 8.10 Glossary

Note 8.1: Reconciliation of the net result for the year to net cash inflow/(outflow) from operating activities

	2019 \$'000	2018 \$'000
Net result for the Year	(697)	(928)
Non-cash movements:		
Depreciation	1,393	1,497
Share of Net Result from LMRHA	(7)	19
Movements included in investing and financing activities:		
Net (Gain)/Loss from Sale of Plant & Equipment	(42)	10
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/Decrease in Receivables	(218)	116
(Increase)/Decrease in Prepayments	(42)	(11)
Increase/(Decrease) in Payables	(51)	(313)
Increase/(Decrease) in Provisions	186	138
(Increase)/Decrease in Inventories	2	1
(Increase)/Decrease in Jointly Controlled Operations	(17)	(21)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	508	507

Note 8.2: Responsible Persons Disclosures

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

Responsible Ministers:

The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services
The Honourable Martin Foley, Minister for Mental Health
The Honourable Martin Foley, Minister for Housing, Disability and Ageing
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers

Period
01/07/2018 - 29/11/2018
29/11/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 29/11/2018
29/11/2018 - 30/06/2019

Governing Boards

Mr B Devanny
Mr T Fulton
Mrs K Lemon
Ass Prof C McKinstry
Mr F Oliver
Miss J Smith
Mr D Rosaia
Mr C Wood
Mr C White

01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019

Accountable Officers

Mrs Anne McEvoy

01/07/2018 - 30/06/2019

Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income bands:

Income Band

\$0
\$1-\$9,999
\$120,000-\$129,999
Total Numbers

2019 No.	2018 No.
2	9
7	-
1	1
10	10

2019 \$'000	2018 \$'000
166	129

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services Financial Report.

Note 8.3: Remuneration of Executives

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration of Executive Officers

(including Key Management Personnel Disclosed in Note 8.4)

Short term employee benefits
Post-employment benefits
Other long-term benefits

Total Remunerationⁱ

Total Remuneration	
2019 \$'000	2018 \$'000
100	103
9	10
3	2
112	115
Total Number of Executives	
1	1
Total Annualised Employee Equivalent ⁱⁱ	
1	1

Total Number of Executives

Total Annualised Employee Equivalentⁱⁱ

ⁱ The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Rochester and Elmore District Health Services under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

ⁱⁱ Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange of services rendered, and is disclosed in the following categories:

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Note 8.4: Related Parties

Rochester and Elmore District Health Services is a wholly owned and controlled entity of the State of Victoria. Related parties of the Rochester and Elmore District Health Service include:

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Loddon Mallee Rural Health Alliance Joint Venture; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Rochester and Elmore District Health Services and its controlled entities, directly or indirectly.

The Board of Directors, Chief Executive Officer and the Executive Directors of Rochester and Elmore District Health Services and its controlled entities are deemed to be KMPs.

KMPs

Mrs A McEvoy

Mr M Nally

Mr B Devanny

Mr T Fulton

Mrs K Lemon

Ass Prof C McKinstry

Mr F Oliver

Miss J Smith

Mr D Rosaia

Mr C Wood

Mr C White

Position Title

CEO

Director of Clinical Services

Board Director

Board Director

Board Director

Board Director

Board Director

Board Director

Board Director

Board Director

Board Director

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

Compensation - KMPs

Short term employee benefits

Post-employment benefits

Other long-term benefits

Total (i)

2019 \$'000	2018 \$'000
249	217
24	21
6	5
279	243

i KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Significant transactions with government related entities

Rochester and Elmore District Health Service received funding from the Department of Health and Human Services of \$7,089,513 (\$6,853,688 in 2017-18).

Expenses incurred by Rochester and Elmore District Health Service in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require Rochester and Elmore District Health Service to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Rochester and Elmore District Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for the Rochester and Elmore District Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2019.

Note 8.5: Remuneration of auditors

Victorian Auditor-General's Office

Audit of the Financial Statements

TOTAL

2019 \$'000	2018 \$'000
17	17
17	17

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet Date.

Note 8.7: Jointly Controlled Operations

Name of entity	Principal Activity	Ownership Interest	
		2019	2018
Loddon Mallee Rural Health Alliance	Information Technology	4.26%	4.26%

Rochester and Elmore District Health Service's interest in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective categories:

	2019 \$'000	2018 \$'000
CURRENT ASSETS		
Cash and Cash Equivalents	204	222
Receivables	24	29
Prepayments	53	23
TOTAL CURRENT ASSETS	281	274
NON CURRENT ASSETS		
Property, Plant and Equipment	24	24
TOTAL NON-CURRENT ASSETS	24	24
TOTAL ASSETS	305	298
CURRENT LIABILITIES		
Payables	(6)	(56)
Accrued Expenses	(59)	(9)
TOTAL CURRENT LIABILITIES	(65)	(65)
TOTAL LIABILITIES	(65)	(65)
NET ASSETS	240	233

Rochester and Elmore District Health Service's interest in revenues and expenses resulting from jointly controlled operations is detailed below:

	2019 \$'000	2018 \$'000
REVENUES		
Grants	44	11
Other Income	326	313
Interest Income	3	4
TOTAL REVENUE	373	328
EXPENSES		
Employee Benefits	62	62
Other Expenses from Continuing Operations	299	282
Depreciation	5	3
TOTAL EXPENSES	366	347
NET RESULT	7	(19)

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Note 8.8: Economic Dependency

Rochester and Elmore District Health Service is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support Rochester and Elmore District Health Service.

Note 8.9: AASBs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Rochester and Elmore District Health Services of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Rochester and Elmore District Health Services has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1-Jan-19	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied.</p> <p>The standard is not expected to have a significant impact to Rochester and Elmore District Health Service.</p>
AASB 2018-4 Amendments to Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1-Jan-19	<p>AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include:</p> <ul style="list-style-type: none"> • Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058; • IP licenses to be accounted for under AASB 15; and • Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	<p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p>	1-Jan-19	<p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <ul style="list-style-type: none"> • Statutory receivables are recognised and measured similarly to financial assets. <p>AASB 15</p> <ul style="list-style-type: none"> • The 'customer' does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p> <p>The standard is not expected to have a significant impact to Rochester and Elmore District Health Service.</p>
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1-Jan-19	<p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p>

Rochester and Elmore District Health Service
Notes to the Financial Statements for the financial year ended 30 June 2019

AASB 1058 <i>Income of Not-for-Profit Entities</i>	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 <i>Contributions</i> . The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context.	1-Jan-19	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 <i>Contributions</i> .
	AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.		The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. The standard is not expected to have a significant impact to Rochester and Elmore District Health Service.
AASB 17 <i>Insurance Contracts</i>	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.	1-Jan-21	The assessment has indicated that there will be no significant impact for the public sector.
	This standard currently does not apply to the not-for-profit public sector entities.		
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1-Jan-20	The standard is not expected to have a significant impact on the public sector.
AASB 1059 <i>Service Concession Arrangements: Grantor</i>	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.	1-Jan-20 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied: <ul style="list-style-type: none">• Operator is providing public services using a service concession asset;• Operator manages at 'least some' of public services under its own discretion;• The State controls / regulates:<ul style="list-style-type: none">– what services are to be provided;– to whom; and– at what price• State controls any significant residual interest in the asset. If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.
AASB 2018-5 <i>Amendments to Australian Accounting Standards – Deferral of AASB 1059</i>	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1-Jan-20 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.

Note 8.10: Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- A contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- Balance sheet as at the end of the period;
- Comprehensive operating statement for the period;
- A statement of changes in equity for the period;
- Cash flow statement for the period;
- Notes, comprising a summary of significant accounting policies and other explanatory information;
- Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- The parties are bound by a contractual arrangement.
- The contractual arrangement gives two or more of those parties joint control of the arrangement

A joint arrangement is either a joint operation or a joint venture.

Liabilities

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the startup costs associated with capital projects).

Public financial corporation sector

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services).

Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

zero, or rounded to zero

(xxx.x) negative numbers

201x year period

201x-1x year period

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